

المؤسسة العربية لضمان  
الإستثمار وائتمان الصادرات  
The Arab Investment & Export  
Credit Guarantee Corporation



# Investment Insurance

*Service Guide*

Disclaimer: This guide is designed to provide information on the investment insurance service provided by Dhaman, it cannot be considered as exhaustive and complete presentation of the service. While every effort has been made to make the information presented here as complete and accurate as possible, it may contain errors, omissions or information that was accurate as of its publication but subsequently has become outdated by insurance changes or conditions, new laws or regulations, or other circumstances. Dhaman denies any liability or responsibility to any person or entity with respect to any loss or damage alleged to have been caused, directly or indirectly, by the information or other content in this guide.

## **Who we are**

The Arab Investment & Export Credit Guarantee Corporation "Dhaman" is a multilateral credit and political risk insurer whose shareholders are 21 Arab countries and four Pan-Arab financial institutions. Dhaman was established in April 1974 as the first multilateral investment insurance provider in the world. Dhaman is based in Kuwait and rated "AA- *stable outlook*" by Standard & Poor's.

Dhaman's purpose is to promote direct investments in Arab countries by providing Political Risks Insurance to investors and lenders and by assisting Arab countries attract Private Arab and non-Arab investments.

Dhaman's strength lies in its ownership structure where the shareholders are the countries hosting the insured investments. This enables Dhaman to enhance investors and lenders confidence by minimizing government actions and decisions that could jeopardize investments and by assisting investors and lenders in the resolution of potential disputes with member countries' Governments.

## **Eligible Investments**

- Dhaman provides cover for new cross-border investments in Arab countries as well as for the modernization or expansion of existing investments. Eligible investments should meet the host country development objectives and be financially sustainable and economically viable.
- Eligible investments include equity, shareholder loans and non-shareholder loans (commercial bank loans that relate to the project covered by Dhaman) provided the loans have terms of at least three years. Portfolio investments (shares and bonds) are also eligible.

## **Eligible Applicants**

- The applicant must be a national of a country other than the host country.
- Arab expatriates investing in their home countries are also eligible provided the invested funds are transferred from abroad.

## **Duration of coverage**

- Dhaman provides coverage for up to ten years. The coverage can be extended by additional five years if justified by the nature of the project.
- The insured may reduce the amount covered or cancel the policy on any contract period anniversary.
- Dhaman cannot terminate the policy unless the insured does not pay the premium or a claim is paid.

## **Insured Risks**

The investor chooses the risks to be insured (one or more risks) for each contract period (contract period: one year).

- **Expropriation**

Confiscation, expropriation, nationalization, compulsory seizure or any other action taken by the public authorities of the host country that may reduce or eliminate ownership of, control over, or rights to the insured investment.

“Creeping” expropriation (continual restrictions of property rights that, over time, have an expropriatory effect) is also covered by Dhaman.

- **Currency Inconvertibility and Transfer Restrictions**

Direct or indirect measures or actions taken by the public authorities in the host country that restrict the investor’s ability to:

- i. Convert local currency received from the insured project (profits, capital, interests) into foreign exchange for transfer outside the host country. Or,
- ii. To transfer foreign exchange to outside the host country.

- **War and Civil Disturbance**

Acts of war emanating from a foreign entity or the host country, or civil disturbance in the host country including revolutions, coup d'états, insurrections, terrorism or sabotage which directly damage

or destroy the tangible assets of the insured project or result in an interruption of the insured project operations essential to its financial viability.

- **Breach of Contract**

The inability of the investor to enforce an award rendered in his favor against the host country, pursuant to a breach or repudiation by the host country of a contract with the investor, provided:

- The investor has made all reasonable efforts to exhaust available remedies to enforce the award against the host country during the applicable waiting period from the date of the award, and
- The refusal by the host government to honor the award is arbitrary and discriminatory.

### **Insurance premium:**

Dhaman prices to risk, i.e. for the same project, each of the four risks is priced separately. Pricing varies by country and the insurance premiums are paid at the beginning of each contract period.

### **Compensation**

For equity investments, Dhaman pays 90% of the amount of loss, the insured retains 10% of the amount of loss at his own risk and uninsured.

For loans, Dhaman offers up to 95% compensation for the principal and interest that accrues over the term of the loan.

### **Maximum line size per project**

Dhaman's maximum line size per project is USD 95 million. For larger amounts, Dhaman can easily mobilize additional capacity from the market thanks to its S&P AA- ratings, its reputation and its Preferred Creditor Status with Member Countries.

## **Application**

Applicants should submit a free of charge one page Preliminary Application before the investment is committed. Once the investment and financing plans are established, a Final Application for which a fee is charged is submitted alongwith the project documentation.

## ***Other Political risks insurance services***

### **Non-Honoring of Sovereign Financial Obligation**

Dhaman's Non-honoring of Sovereign Financial Obligations (**NHSFO**) policy is intended to lenders, contractors and developers that provide loans or funds to sovereign and sub-sovereign entities for infrastructure projects and other developmentally sound investments in Arab countries.

**NHSFO** protects the lender against losses resulting from the failure of an Arab sovereign or sub-sovereign entity to make a payment due under an unconditional financial payment obligation or guarantee. This includes a direct payment obligation of the government, or a government guarantee of the obligations of a state owned enterprise or a public/private joint venture.

### **Mobile Assets Insurance Policy**

Protects contractors' equipment located in an Arab country – other than the Contractor's country – against political risks such as Deprivation (inability to re-export), Expropriation, Riot, Terrorism and War .

The eligible equipment must be imported from outside the project country or acquired locally and paid in foreign currency transferred from abroad.

The insurance contract period corresponds to the project duration. In case of a claim, the insured contractor shall receive a compensation ranging between 85% and 90% of the incurred loss.

## **Contact**

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لَمَوْسَسِبْرًا  
لِعَبِيهِمْ  
فَإِذْ نَادَى  
نُوحًا ابْنَ  
لُوطٍ يَا  
ابْنَ لُوطِ  
إِنِّي أَعْلَمُ  
بِمَا كُنْتَ  
تَعْمَلُ